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22 October 1964

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CENTRAL INTELLIGENCE BULLETIN

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CONTENTS

1. USSR: New Soviet leaders stressing their desire to improve relations with non-Communist world. (Page 1)
2. Bolivia: Student riots may aggravate Paz-Barrientos split. (Page 3)
3. UK: Tories likely to give Labor government period of grace. (Page 4)
4. Cyprus: Makarios continuing his campaign to reduce Greek influence. (Page 5)

- 25X1
6. Mozambique: Recent guerrilla efforts may be start of long-term campaign against Portuguese rule. (Page 7)

7. France - Common Market: De Gaulle threatening to break with EEC if Bonn does not agree to unify grain prices. (Page 8)

8. United Nations: Majority of members evidently favor postponing opening of General Assembly session. (Page 9)

9. Notes: USSR; [redacted]
Italy-MLF. (Page 10)

25X1

25X1

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DAILY BRIEF

*USSR: The new Soviet leaders are showing concern to prevent Khrushchev's downfall from damaging Soviet relations with non-Communist governments.

At the 19 October Kremlin reception for the cosmonauts, Brezhnev, Kosygin and other leaders sought out Ambassador Kohler to underscore their interest in improving US-Soviet relations. Deputy Premier Novikov gave similar assurances to the Indian Ambassador on relations with New Delhi.

A Soviet diplomat in Ottawa, stating that he was speaking "officially," told a US official on 20 October that the decision to oust Khrushchev was prompted by his impulsive, erratic administration of domestic affairs, primarily those associated with agriculture and the decentralization of administration. The diplomat asserted that foreign policy issues, including Cuba, the struggle with China, and the disarray in the Communist movement, did not figure in the criticisms of Khrushchev. He also claimed that Soviet military leaders were not involved in the coup and that they had been excluded from active participation in "civil affairs" since Marshal Zhukov's ouster in 1957.

As for de-Stalinization, the Soviet diplomat said this policy will continue and will be less complicated without Khrushchev who was tainted by his close relationship with Stalin. A similar view was expressed

(continued)

by the Soviet representative to the International Atomic Energy Agency in Vienna who, on his return from the central committee meeting in Moscow, told the US representative that the de-Stalinization process will go on, "if anything faster than before."

Soviet spokesmen appear especially sensitive to foreign speculation that Moscow may now make new overtures to the Chinese Communists that would imply reversion to a harder line toward the West. The Soviet diplomat in Ottawa stated that Khrushchev's departure heralds no modification in Soviet policy toward Peiping. He claimed that Suslov has been, and will continue to be, the "strategist" in dealing with Peiping. He discounted the possibility that the USSR will inscribe the issue of Chinese representation at the forthcoming UN General Assembly. The diplomat also said plans for both a conference of all Communist parties and the preparatory meeting in mid-December will go forward, despite Chinese opposition.

Although the Chinese leaders have so far maintained a correct but noncommittal stance, their real feelings toward the new Soviet regime probably were accurately reflected by a remark by the Chinese Communist ambassador in Moscow to the French minister that Khrushchev alone was not responsible for the deterioration in Sino-Soviet relations. Gesturing toward the Soviet presidium members at the Kremlin reception, the ambassador said "they are all responsible."

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*Bolivia: (information as of 0400 EDT) Student violence has created a serious problem for the government which may lead to a showdown between President Paz and Vice President Barrientos.

Students rioted throughout the day and night yesterday in Cochabamba protesting the detention of a student accused of anti-government activity. So far at least two students have been killed. Well-armed students have erected barricades in the streets and are threatening to lynch five captured policemen. Police reinforcements have been flown into Cochabamba, but the government security forces are outnumbered and short of anti-riot equipment. Additional riots are expected to break out in La Paz and other cities today.

The situation is also reported to be critical in the city of Santa Cruz, some 200 miles east of Cochabamba, where the private militias of two contending political chieftains are on the verge of armed conflict.

Barrientos flew to La Paz from Cochabamba late yesterday to confer with Paz on the precarious situation. Barrientos, who is engaged in a struggle for power with Paz, has been under heavy pressure from his military and civilian supporters to overthrow the government. Barrientos may either resign in an effort to create additional anti-Paz sentiment outside the capital or attempt to force Paz into a showdown which could lead to civil war.

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UK: The Conservatives will probably give the new Labor government a period of grace.

The US Embassy in London believes that it is to the Tories' tactical advantage to give Prime Minister Wilson time to organize his government and present his program. To harass the new government or to press for new elections would give the appearance of irresponsibility and vindictiveness.

The Conservatives are, in any event, quite satisfied to let Labor struggle with Britain's deepening economic difficulties. They are confident that over the long run, they will have ample opportunities to launch strong attacks against the government's policies, as well as any mistakes it may make.

An all-out effort by Labor to satisfy its more doctrinaire elements by trying to force through such controversial parts of its domestic program as the nationalization of steel or of development land would greatly alter the situation. Wilson, however, is not likely to ask for legislation which would almost certainly lead to the early downfall of his government. Indeed, he may use Britain's current economic problems as an excuse to his party's left wing for postponing action on drastic reforms, while not abandoning them as long-term goals.

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Cyprus: President Makarios is continuing his campaign to reduce Greek influence in Cyprus.

In a meeting on 17 October with General Grivas and other senior Greek officers, Makarios obtained their agreement to confine themselves strictly to military matters, according to one of the officers.

In return, Makarios is said to have agreed to the disarming of irregular bands of Greek Cypriots, a long-term goal of Grivas who considers them loyal to Makarios. Nevertheless, Makarios is unlikely actually to permit their dissolution at a time when his relations with Grivas and the Greek Government are under increasing strain.

Leftist Cypriot newspapers are trying to undermine Grivas by presenting the meeting as a confrontation in which Makarios reprimanded Grivas before the other officers.

The final agreement reached yesterday on opening the Nicosia-Kyrenia road should permit early rotation of part of the Turkish Army contingent on Cyprus. A Turkish spokesman has stated that Ankara probably would be unwilling to countenance further delay in rotation beyond the end of this week.

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Mozambique: Recent guerrilla efforts in Mozambique may be the start of a long-term campaign against Portuguese rule.

Eduardo Mondlane, head of the main nationalist group, the Tanganyika-based Mozambique Liberation Front (**FRELIMO**), claims responsibility for a series of attacks in recent weeks on administrative centers, communications lines, military patrols, and vehicles.

FRELIMO's potential is enhanced by the foreign support it receives. Tanganyika provides it with sanctuary, military instructors, and training facilities. The OAU's Liberation Committee and probably Communist China have provided funds. **FRELIMO** claims to have 2,000 trained fighters, 150 of whom completed a 7-month guerrilla fighting course in Algeria last April.

The Portuguese, with some 17,000 troops in the territory, appear in a strong position to cope with the operations **FRELIMO** is now capable of conducting. Nevertheless, they are sufficiently worried over the effect on the morale of local Europeans to be calling up Mozambique reservists and to have cleared Africans from a belt along the Tanganyikan border.

France - Common Market: De Gaulle is threatening to break up the Common Market and disrupt the Kennedy Round if West Germany does not agree to unification of grain prices within the EEC.

French Information Minister Peyrefitte yesterday quoted the French President as saying France would leave the Common Market unless "agriculture is organized as agreed." Peyrefitte also stated that it would not be possible for the EEC to negotiate successfully with the US on trade without such agreement.

Shortly before Peyrefitte's statement, a ranking French official told a US Embassy officer that the French decision to fight for unified grain prices was made early in September in response to farmer pressures and was in effect irrevocable. The embassy believes De Gaulle will not be deterred by the prospect of an open disagreement with Bonn and may in fact have been looking for a good issue on which to take a stand against the Germans.

De Gaulle's ultimatum confronts Erhard with a major dilemma. The Chancellor is on record as saying he would not let the grain-price question result in a Kennedy Round failure. On the other hand, recent domestic political setbacks have made it very difficult for Erhard to agree to price unification until after next year's elections, and even then it may be difficult.

In any case, it now is very doubtful that Kennedy Round tariff bargaining can begin on 16 November as scheduled.

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United Nations: A majority of UN members evidently favor postponing the opening of the UN General Assembly, now set for 10 November.

This is indicated by a caucus of Latin American delegates, who unanimously favored postponement until 1 December, and by the action of Scandinavian UN officials who have already asked U Thant to put off the meeting. Sentiment for postponement stems from uncertainties created by the emergence of new governments in London and Moscow. In addition, many "nonaligned" countries are unwilling to take a position on the Article 19 financing issue which threatens to provoke a crisis on the assembly's opening day.

Soviet Foreign Minister Gromyko "bluntly" told the Indian ambassador on 19 October that Moscow's position on Article 19 remains "unchanged." This would appear to be an authoritative statement, although a Soviet Embassy official in Ottawa has "anticipated" that his new leaders might relax the Soviet position "to avoid creating a threat to the future of the UN."

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Gromyko recently indicated to British Ambassador Trevelyan that he intends to attend the upcoming UN General Assembly.

22 Oct 64
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DAILY BRIEF

9

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NOTES

USSR: Preliminary data released by Moscow on the third-quarter economic results show that the mediocre performance since the start of the year has continued except for the chemical industry. The growth rate of industrial output dropped to about 7 percent during the first nine months of 1964, compared to 8.7 percent last year at this time. Increases in the chemical industry of 15 percent and in mineral fertilizer production of 28 percent continue to be considerably higher than those in other major sectors such as steel and iron which remain at about 6 percent.

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22 Oct 64

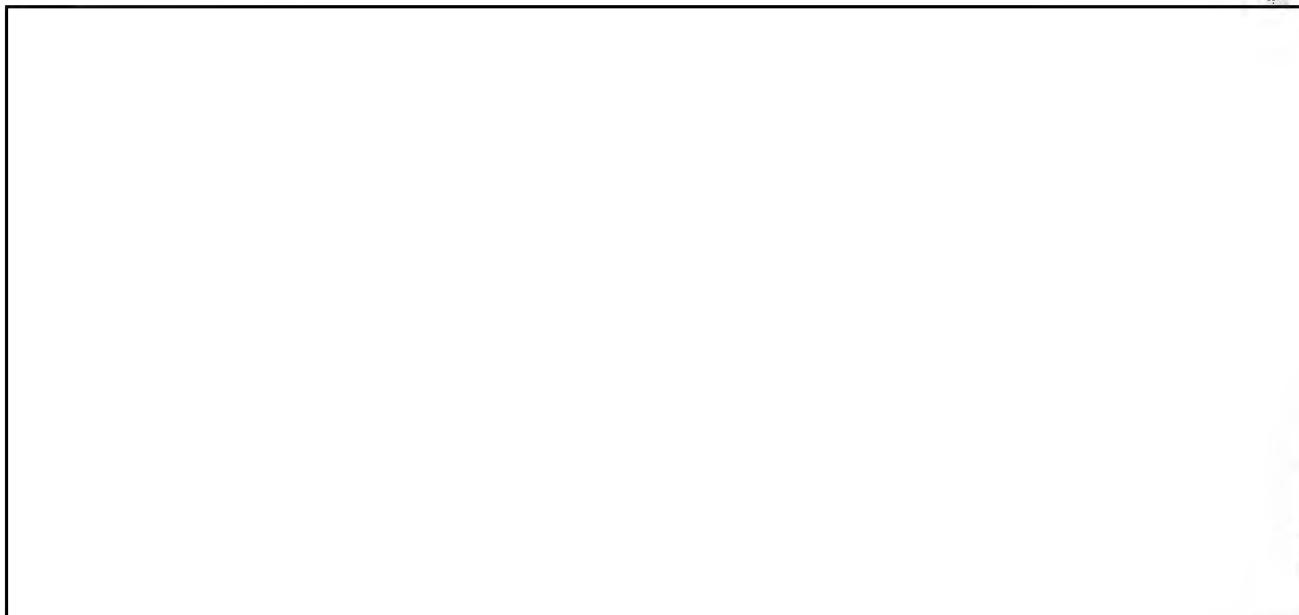
DAILY BRIEF

10

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Italy--MLF: A senior official of the Italian Foreign Ministry has expressed the view that it is not realistic to expect Rome to sign an MLF agreement by the end of the year. He indicated that the government coalition, and particularly the Nenni Socialists, are not prepared to take a stand on this controversial issue until sometime after the national municipal elections scheduled for late November. The official did not think that refusal by the UK to join the MLF would be an insurmountable obstacle to Italian participation, but did not look for a decision by the Italian Government before next spring.

25X1

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DAILY BRIEF
11
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